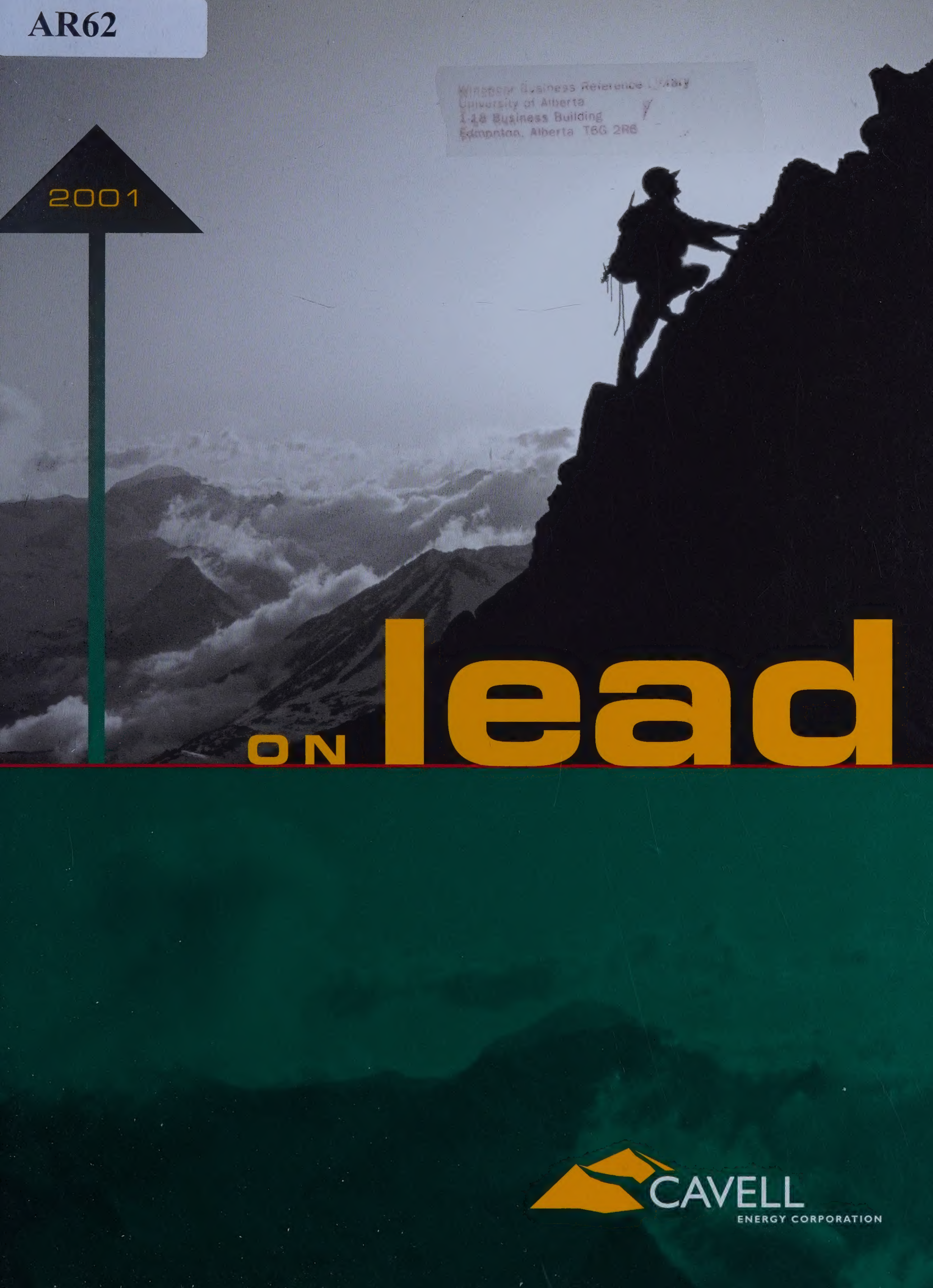


2001

ON lead

CAVELL ENERGY CORPORATION

Cavell Energy Corporation is a Canadian based emerging junior oil and natural gas exploration, development and production company actively expanding its production and reserve base in Western Canada. In 1998, Cavell undertook a new strategic focus and created a new business plan targeted towards balance sheet strength, capital risk minimization and rate of return maximization. This Plan is hallmarked by its sensitivity to the cyclical nature of oil and natural gas prices: by employing different strategies in the different phases of the commodity price cycle Cavell identifies opportunities for growth regardless of the phase. During this period Cavell focused on preparing the Company to benefit during downturns while accelerating the building of a strong asset base.

The results of the last few years have positioned the Company to take advantage of opportunities for growth, which are declining in cost as the economic cycle progresses. Our goal is to enhance Cavell's strong balance sheet, grow cash flow, expand our strong reserve base and augment our inventory of high quality low risk drilling opportunities. As oil and natural gas prices strengthen, Cavell will be able to accelerate the development of its drilling inventory, leading to increased production and financial gains.

Cavell's continued demonstration of long-term growth in production, reserves, cash flow, earnings and asset value will manifest itself in share price appreciation for the Company's shareholders. Cavell is listed on the Toronto Stock Exchange under the symbol "KVL".

About the Cover

"On Lead" *(a mountain climbing term)*

When "On Lead", the Leader is responsible for pathfinding, efficient use of resources, risk management and executing a controlled and aggressive approach. They must be able to respond in a dynamic fashion to changing environmental conditions, and above all, guide the vision and the achievement of the team's goals.

AGM

The Annual and Special General Meeting of Shareholders of Cavell Energy Corporation will be held at 2:30 pm, Monday, May 27, 2002, in the Royal Room on the second level of the Metropolitan Centre, 333 - 4th Avenue, SW in Calgary Alberta.

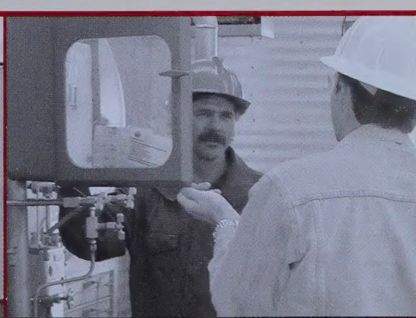
Contents

Proven Performance

Corporate Highlights

(thousands of Canadian dollars, except per share amounts)	2001	2000	% Change
Financial			
Petroleum and natural gas sales	**27,273**	19,243	42
Funds flow from operations	**15,566**	9,017	73
Per share – basic ($)	**0.47**	0.29	62
Net earnings	**5,784**	9,855	(41)
Per share – basic ($)	**0.18**	0.32	(44)
Additions to capital assets (net)	**16,386**	8,498	93
Total long-term debt	**9,379**	11,512	(19)
Shareholders' equity	**30,630**	23,063	33
Common shares outstanding at year-end (000s)			
Basic	**36,070**	32,296	12
Diluted	**37,165**	35,724	4
Operations			
Average production (boed)	**2,040**	1,224	66
Average sales price ($/boe)	**36.63**	42.95	(15)
Netbacks ($/boe)	**24.32**	25.19	(3)
Operating costs ($/boe)	**6.00**	7.97	(25)
Reserves – proven and probable (mboe)	**6,751**	7,051	(4)
Wells drilled			
Gross	**28.0**	17.0	65
Net	**25.6**	13.2	93
Success rate (%)	**84**	85	1

Where amounts are expressed on a barrel of oil equivalent basis (boe), gas volumes have been converted to barrels of oil at ten thousand cubic feet per barrel. The terms funds flow and cash flow are used interchangeably between the Annual Report Consolidated Financial Statements and Management's Discussion and Analysis and is prior to the change in non-cash working capital.



The Creation of Opportunity and Value – Taking Advantage of the Economic Cycles

Highlights:

→ Increased cash flow by 73% to $15.6 million or $0.47/share

→ Increased average daily production by 66% to 2,040 boed from 1,224 boed

→ Increased net income before taxes by 46% to $9.7 million or $0.30/share

→ Attained a 32% before tax rate of return on equity

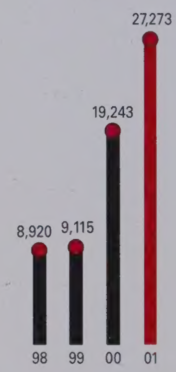
→ Earned after tax net income of $5.8 million

→ Attained a 19% after tax return on equity

→ Reduced operating costs per boe by 25% to $6.00

Cavell has been strategically positioned to take advantage of opportunities that arise in the lower part of the economic cycle. The Company will benefit from its low debt level and increased levels of production and cash flow. This unique position sets Cavell apart from its peer group. Cavell has the financial strength and strategic focus to achieve growth by accessing new opportunities that are unavailable or too expensive to acquire in the higher parts of the economic cycle.

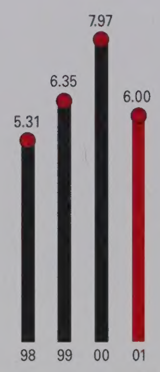
Gross Revenue
($M)



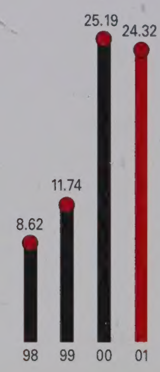
Funds Flow
($M)

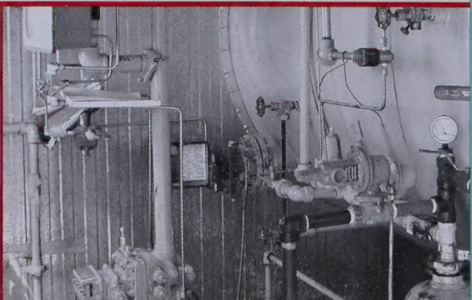
Net Earnings (loss)
($M)

Operating Costs
($/boe)



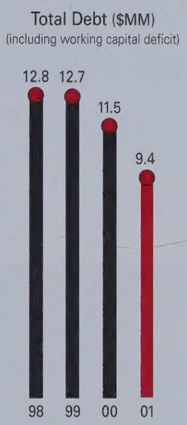
Field Netbacks
($/boe)





Meeting Our Goals Year-over-Year

In 2001 Cavell increased production, cash flow and earnings before tax while at the same time reducing debt. Cavell drilled 25.6 net wells in 2001 with an 84 per cent success rate and increased average daily production by 66 per cent. This was accomplished while decreasing operating costs per boe by 25 per cent. The Company's drilling success and increased cash flow resulted in a reduction in total debt, including working capital deficit, from $11.5 million in 2000 to $9.4 million in 2001.



	2001	2000	1999
Target:	18% return on equity	Increase presence in natural gas core area	Establish natural gas core area
Result:	✔ 19% return on equity 32% on pre-tax basis	✔ Drilled 12 wells and increased land holdings to 45,000 acres	✔ East Central Alberta
Target:	70% drilling success rate	Increase natural gas to 40% of total production	Conclude major farm-in
Result:	✔ Achieved 84% success rate	✔ Year-end productive capacity of 41%	✔ Negotiated PanCanadian 2-yr farm-in
Target:	Average production of 1,800 boed	Average production of 1,300 boed	Raise funds
Result:	✔ Actual average production of 2,040 boed	Actual average production of 1,224 boed**	✔ $900,000 raised
Target:	Earnings of at least $0.24/share	Earnings of at least $0.10/share	Sell non-core minor properties
Result:	Earnings of $0.18/share* Pre-tax earnings were $0.30/share	✔ Earnings of $0.32/share	✔ Sale proceeds of $700,000
Target:	Cash flow minimum of $0.40/share	More than double 1999 cash flow	Maintain low to medium risk profile
Result:	✔ Actual cash flow of $0.47/share	✔ More than tripled 1999 cash flow	✔ 70% drilling success rate
Target:	Natural gas rate of 10 mmcf/d	Reduce debt to less than 2 times 2000 cash flow	Improve financial performance
Result:	Actual natural gas rate of 4.9 mmcf/d*	✔ Year-end debt to cash flow ratio of 1.28	✔ Doubled Q4 cash flow from Q4 1998
Target:	Reserve additions of 10%	Commence natural gas production	
Result:	Not achieved due to shift in activity focus*	✔ Commenced in October	
Target:	Debt to cash flow ratio of 1.5 to 1.0 or less	Reduce Debt	
Result:	✔ Actual debt to cash flow ratio of 0.60	✔ Debt reduced by $1.3 million	
Target:	Increase natural gas production to greater than 40% of total production		
Result:	Achieved 24% of total production from gas*		

*Targets not achieved in 2001 were due in part to the reduction in commodity prices. As a result, Cavell changed its direction to offset the negative effect of prices, thus impacting natural gas production and reserves. Overall, changes had a favourable effect to the Company's revenue. By implementing this short-term strategy, Cavell was able to increase oil production by 69 per cent and maintained a field level netback of $24.32/boe, a decrease of $0.87/boe from the previous year, despite the drop in commodity prices.

** This target was not achieved due to a delay in Cavell's drilling program.

Letter to Shareholders

73%

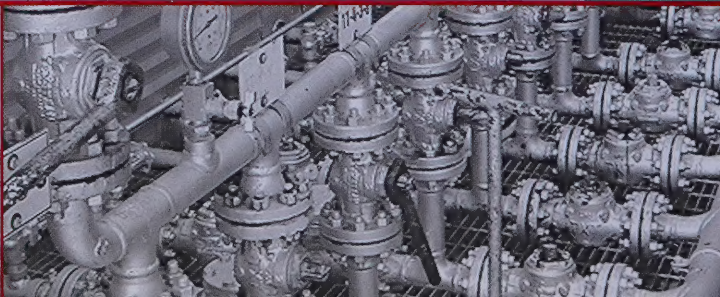
Increased cash flow by 73% to $15.6 million

Cavell had a record year in terms of production growth, cash flow and earnings before taxes, due to drilling success and higher commodity prices in the early part of the year. What sets us apart is that we achieved these record levels while reducing debt.

While others were chasing high-cost acquisitions, Cavell was strengthening its balance sheet in order to take advantage of low-cost opportunities in the near future. Cavell's year-end debt to trailing cash flow ratio was 0.6, significantly lower than many in the industry.

This operating style was a result of a strategic decision and an integral part of our Business Plan put in place in 1998. Learning from past actions, we took a conservative strategy not to follow industry trends, but to lay a solid foundation of meeting targets and positioning Cavell financially for a time of growth opportunities. This new corporate focus has resulted in a company with a strong balance sheet and solid production base that is capable of undertaking significant growth opportunities without over leveraging the balance sheet. The year 2001 has left Cavell in a strong financial position: low debt and a production base with comparatively high netbacks.

We at Cavell are firm believers in the commodity and business cycle and as such, believe that the best time to acquire assets is in the period of least competition: the low part of the economic cycle. A prime element of our strategy has been to financially position the Company to take advantage of high quality opportunities when they are least expensive. Cavell is confident that we have entered this time and is poised to take advantage of these highly lucrative opportunities. Companies that have a strong balance sheet with low debt will emerge as the long-term winners.



Increased average daily production by 66% to 2,040 boed

Originating from our Business Plan, our strategic focus remains consistent:

- Long term focus on natural gas
- Maintain rates of light oil production
- Maintain a strong balance sheet
- Risk management and mitigation
- Internal prospect generation and high operated working interests
- Tight financial controls

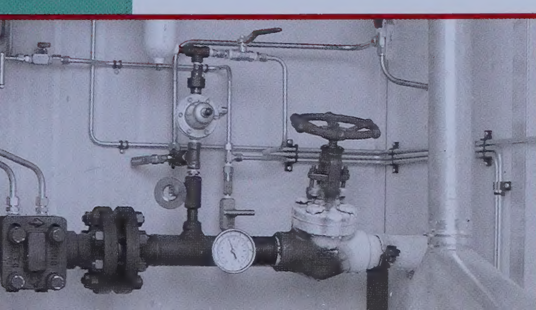
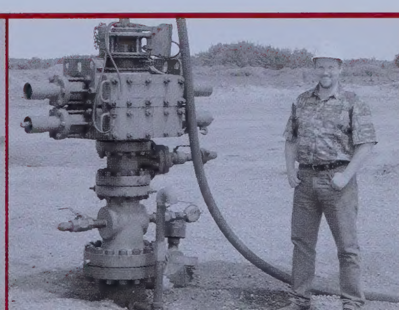
These proven strategies have formed the basis for our success over the past three years.

In addition to Cavell's three traditional core areas of operation – South East Saskatchewan, West Central Saskatchewan and East Central Alberta – a new natural gas core area in South West Saskatchewan was created in early 2002. These areas combine to offer considerable new opportunities for growth in natural gas and crude oil through low risk development and exploitation, as well as offering excellent low to medium risk exploration prospects.

Results

The year 2001 built on the successes achieved in 2000. Our conservative Business Plan continued to deliver superior results and position us to take advantage of future opportunities. Cavell successfully pursued production and financial growth through its exploration, exploitation and development activities. Our strong asset base delivered outstanding results because of its combination of high quality oil and natural gas drilling prospects. This variety has given management the flexibility to respond to fluctuating commodity prices and netbacks in its pursuit of the best possible rate of return. It is a luxury that many junior companies do not enjoy.

In 2001, Cavell's operational activities resulted in a 66 per cent increase in production to 2,040 boed accompanied by an 84 per cent drilling success rate. Leveraging the Company's flexibility, management diverted operations mid-year to reduce the impact of lower than expected natural gas prices. As a result, Cavell focused on increasing oil production, resulting in higher overall revenues, although our natural gas rate was lower than targeted.


19%

Reduced total debt by 19% to $9.4 million

Cavell's net capital expenditures in 2001 were $16.4 million. Viewed as a relatively modest budget by industry standards, the impact of the budget was not. Through its activities, Cavell increased cash flow 73 per cent to $15.6 million and increased pre-tax earnings by 46 per cent. In addition, the Company reduced its debt to cash flow ratio from 1.26 to 0.60 in 2001.

While making financial and production gains, Cavell continues to make progress towards its goal of being a low cost producer. As in the previous year, Cavell successfully reduced its unit costs for interest and general and administrative expenses on a boe basis by 53 per cent and three per cent respectively. We also made a significant reduction in operating costs per boe by 25 per cent to $6.00 in spite of a generally higher cost environment. These operating efficiencies combined to give Cavell a $24.32 per boe field netback (as compared to $25.19 per boe in 2000) despite a drop in average price per boe to $36.63 from $42.95 in 2000. Lower commodity prices and a higher depletion rate combined to further reduce after tax income. Despite the price decrease, Cavell achieved a 19 per cent after tax return on equity as a result of increased levels of production and new operating efficiencies.

The activities of the past year have resulted in a company with a strong balance sheet, a growing production base and an expanded set of opportunities. Combined with the efforts and results of the past few years, Cavell has laid a solid foundation for a more aggressive growth plan.

2002 Outlook

Our continued strategic focus is going to prove successful in 2002 and beyond. Over the past couple of years we have achieved several important actions: we have strengthened the management team with the addition of new highly focused talent; we have continued to develop the experience and expertise required to meet our targets year after year; and we have evaluated new growth opportunities while building a strong financial position. In 2002, Cavell will continue to identify new growth opportunities in order to reach its goal of 2,300 boed average rate of production. In the long term, we are focused on growing our production to 5,000 boed within three years.

46%

Increased income before taxes by 46% to $9.7 million

2002 Objectives

- Create a new natural gas area of operation
- Remain earnings positive throughout the economic downturn
- Achieve a 70% drilling success rate
- Reach an average rate of production of 2,300 boed
- Realize significant growth in Cavell's undeveloped land inventory
- Attain reserve additions of at least 10%
- Maintain a debt to cash flow ratio of 1.5 to 1.0 or less
- Increase natural gas production to 40% of corporate production

The first phase of this growth is expected to come from new developments in Western Saskatchewan. Cavell has already made two notable land acquisitions in the first part of 2002, which will help fuel our future growth. The first acquisition covers 23 contiguous sections of land in the Birling-Baldwinton area of West Central Saskatchewan. We are confident that this acquisition offers significant future growth potential, as it is located in a natural gas prone area where Cavell has encountered significant success drilling for natural gas.

The second area consists of 47 sections of land in the Abbey area of South West Saskatchewan. Recent drilling in this area has established a new Milk River Pool. This new pool bears a remarkable resemblance to the Hatton Pool, which has delivered wells with average rates of production ranging between 100 and 300 mcf/d and recoverable reserves of 1-2 bcf per section. Cavell's initial plans for its Abbey acreage include the drilling of five wells in the first quarter of 2002 and additional wells throughout the balance of the year. We believe this area is a long-term project with significant reserve and production potential.

These acquisitions are examples of the type of projects Cavell has been targeting, but would not have been able to acquire in times of high commodity prices.

42%

Achieved a 42% increase in petroleum and natural gas sales

Over the course of 2002, we expect to develop additional similar growth opportunities. Our strategic focus has provided Cavell with a strong balance sheet, low debt and a large opportunity base.

Cavell is well positioned operationally and financially to achieve its long-term growth targets while maintaining profitability. Our strategy is working; we have a highly dedicated and focused staff; an experienced team of advisors in our Board of Directors; and strong financial and physical assets. Cavell is a company which is "Taking the Lead" to reach new heights. Using a climbing analogy, the lead climber has the responsibility to ensure that the team reaches its goals by the careful and safe execution of a plan. The lead climber is a pathfinder, a goal setter and a leader that is a model for others to emulate.

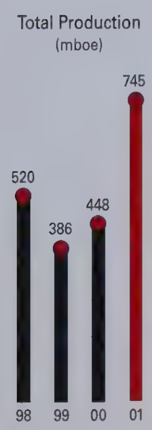
Through the continued support of our shareholders, the guidance of our Board of Directors and the dedication of our employees, Cavell will continue to meet its goals and deliver on its promises. I would like to thank you for your ongoing support over the past few years as we enter the next growth stage. Our focus on maximizing opportunities while maintaining a strong financial position will provide Cavell with the strength to lead into the future, increasing overall shareholder value.

On behalf of the Board of Directors,

David J. Evans Ph.D.
Chairman

Murray D. McCartney
President and Chief Executive Officer

March 20, 2002



Our Plans for 2002

Cavell's major properties and activities were concentrated within three core regions in Saskatchewan and Alberta in 2001, with a potential new core area added in early 2002. As a result of the strategic positioning in each area, Cavell has significant opportunities for expanding its exploration and development programs and commencing synergistic property acquisition programs. These core regions constitute a well-balanced portfolio of Company operated producing properties and exploration and development prospects with significant upside potential.

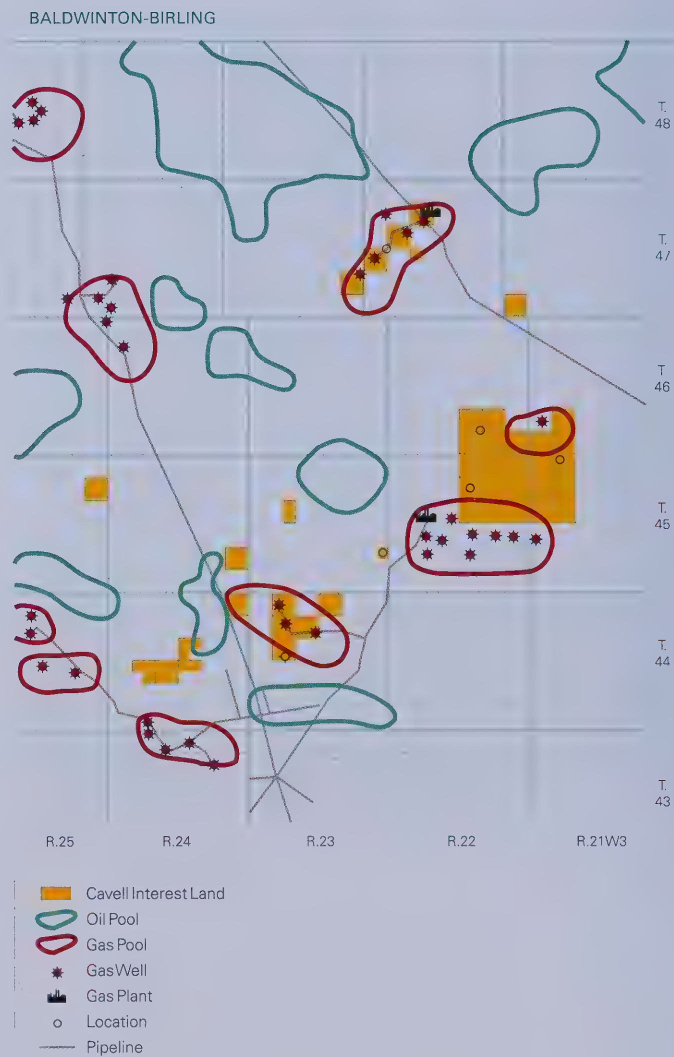
Baldwinton-Birling

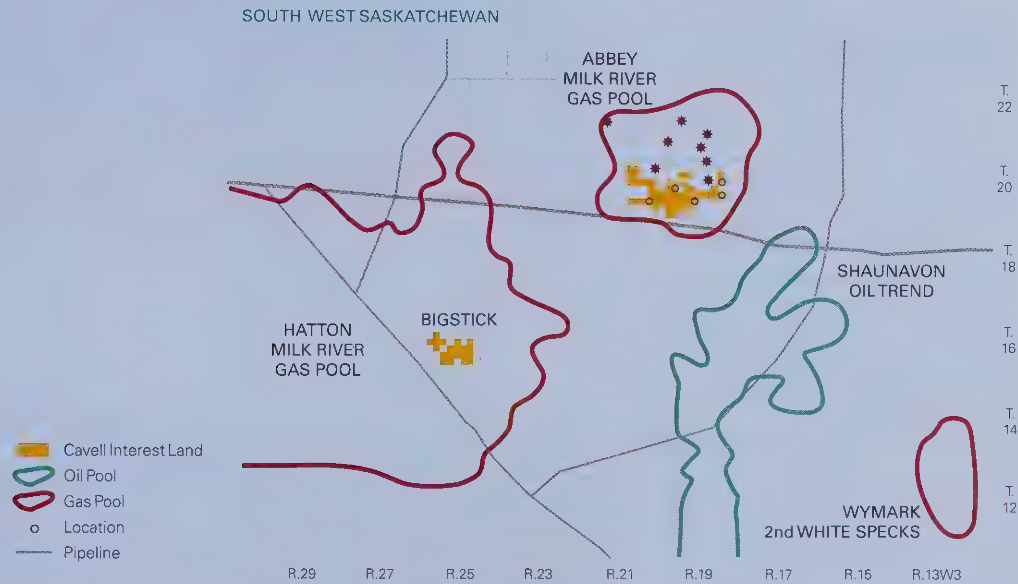
Cavell had positive drilling results in the Baldwinton and Birling area of West Central Saskatchewan in 2001. The geology of the area is characterized by moderate deliverability natural gas reserves in multiple, shallow depth horizons in the Cretaceous such as the Colony and McLaren channel sand trends. It is also a prolific producer of heavy oil for shallow Cretaceous formations such as the Waseca, Sparky and GP sands. This area is consistently delivering wells that have superior gas deliverability and low decline reserves.

The Company's 2001 drilling success occurred in the pursuit of natural gas contained in Colony and McLaren natural gas channels. Cavell has a 100 per cent working interest in this area which averaged 1.6 mmcf per day in 2001. Cavell has approximately 25,920 net acres of land in the area.

As this region offers sizeable opportunities for growth, Cavell will be focusing a considerable portion of its 2002 resources in this area. The Company plans to drill 10 wells in this area during 2002 and build a new gas plant to service the Baldwinton area. In early 2002, Cavell entered into an agreement with the Little Pine First Nation to lease 23 sections of land. During the next 12 months, Cavell will conduct a seismic program to evaluate the Little Pine land and will drill two initial wells.

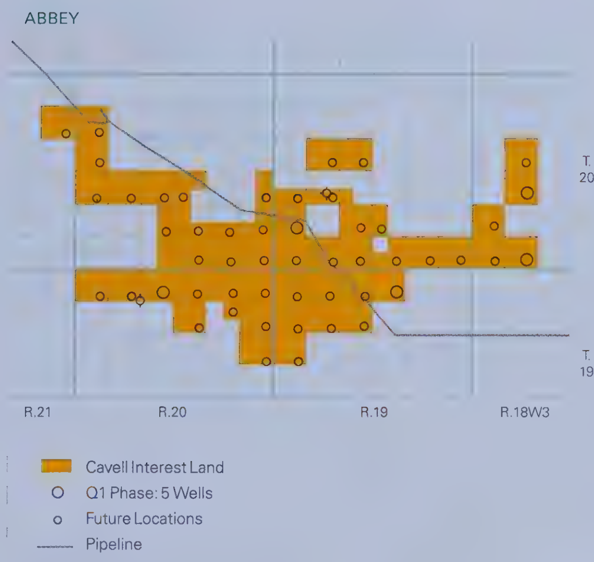
This land is highly prospective and holds great promise for additional production and reserve growth. Cavell has invested in additional land and seismic resources in the area and believes that this area will continue to grow in importance during 2002.





Abbey

Established in early 2002, Cavell has identified this area as a growth area for the next several years. Cavell has accumulated a 100 per cent interest in 12,173 hectares (47 sections) of undeveloped land in the Abbey area of South West Saskatchewan near the Hatton gas field. The Hatton area is characterized by shallow gas wells primarily producing from the Milk River formation, which blankets South West Saskatchewan and South East Alberta. The Cavell lands are analogous to the Hatton Field, which produces from the Milk River zone. Many wells in the Hatton field had initial gas rates ranging between 100 and 300 mcf/d and development in this field has recovered 1-2 bcf per section. This zone appears as a blanket reservoir with a similar thickness and structure to this area of South West Saskatchewan.



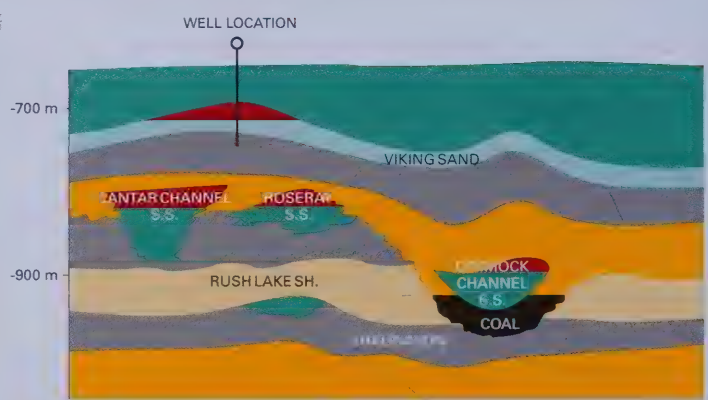
The Abbey area will be a focus of Cavell's activities in 2002. Plans for the area include an initial development phase of five wells. Additional drilling will follow in a pattern of development similar to that of the Hatton field.

ABBEY CROSS-SECTION

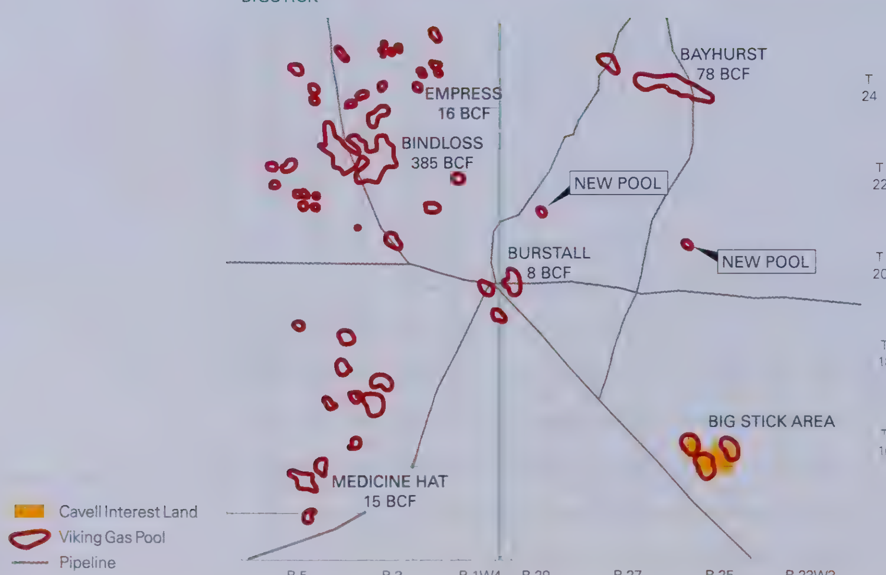
Bigstick

Cavell established this area in 2001 looking for natural gas accumulations in the Viking zone similar to the Bindloss and Bayhurst Pools. The Company acquired a 100 per cent interest in 26 sections of land. Although an unsuccessful well was drilled in 2001, Cavell has shot and acquired additional seismic for the drilling of one or more wells in 2002 to evaluate the geophysical prospects. A successful well in this structure has the potential to deliver a multi bcf pool.

BIGSTICK CROSS-SECTION



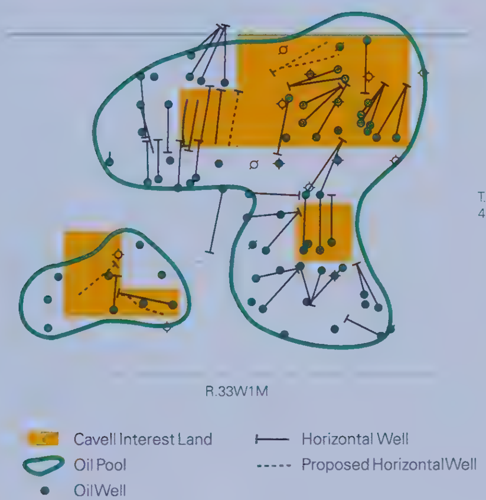
BIGSTICK



South East Saskatchewan is Cavell's largest production base and is the Company's original area of operation. During 2001, Cavell produced an average of 1,480 bbls per day of light oil principally from five different oil pools. This area is characterized by medium depth, long-lived reserves and horizontal wells producing light oil from the Mississippian formation.

Plans for 2002 in South East Saskatchewan include the stabilization of the oil production rate in the 1,400 to 1,800 bbls range and the drilling of new horizontal wells in the Innes and Oakley pools. South East Saskatchewan continues to deliver high quality drilling locations, long-lived reserves and very high netbacks. Cavell continues to reap the benefit of the drilling inventory that it developed during the last downturn in oil prices. Although world oil prices are down significantly from 2001, oil projects still deliver a better netback and shorter payout than those of natural gas.

OAKLEY



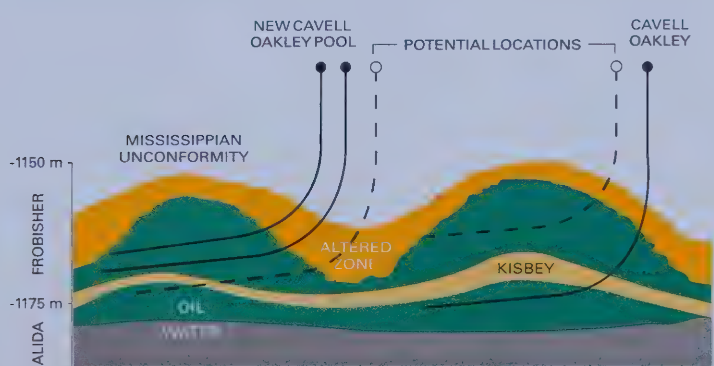
Oakley

South East Saskatchewan's Oakley Pool was a stellar performer for Cavell in 2001. Cavell drilled 3.5 net horizontal wells in the new pool extension during the year and achieved large increases in production during a period of high oil prices. Although this area did not add large new reserves, it did have a positive effect on Cavell's finances.

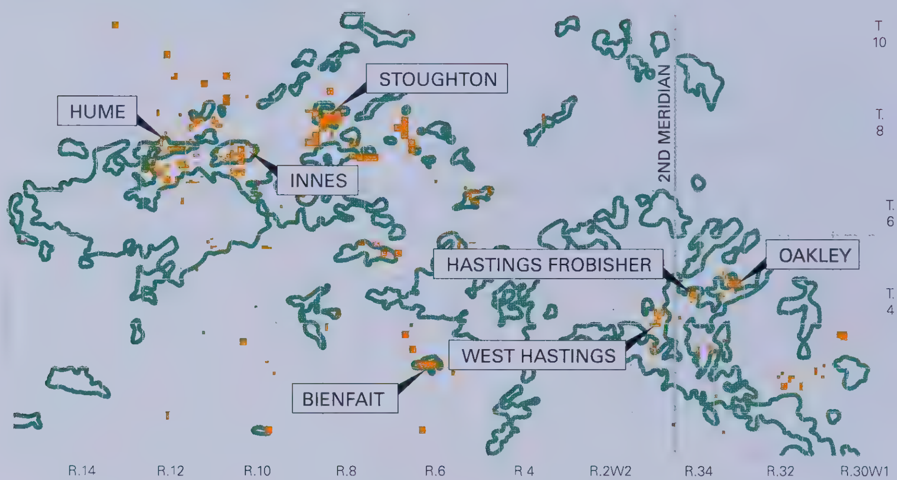
Cavell has working interests ranging from 80 to 100 per cent in 1,616 gross (1,600 net) acres in the Oakley area, which is approximately 54 kilometres northeast of Estevan, Saskatchewan. Cavell's future plans for Oakley include the drilling of up to four horizontal wells to further access this pool.

In 2001, Cavell operated 18 oil wells (12.4 net), which produced approximately 875 boed net to Cavell from the Frobisher formation.

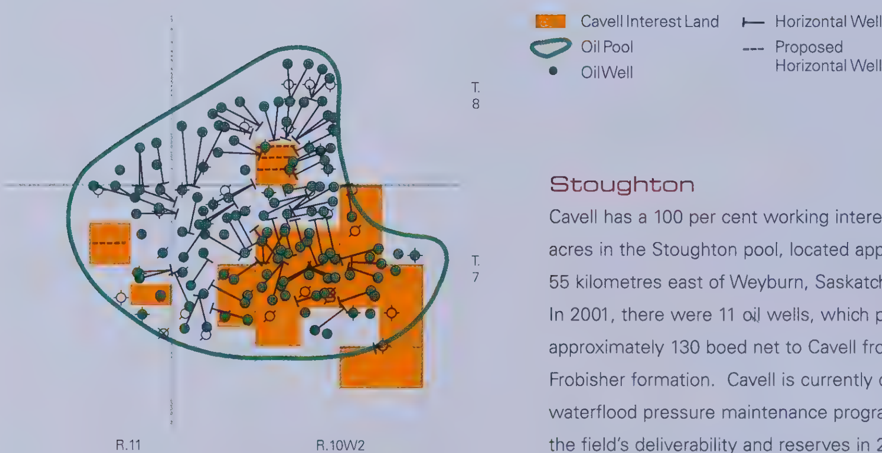
OAKLEY CROSS-SECTION



SOUTH EAST SASKATCHEWAN



INNES



Stoughton

Cavell has a 100 per cent working interest in 2,304 acres in the Stoughton pool, located approximately 55 kilometres east of Weyburn, Saskatchewan. In 2001, there were 11 oil wells, which produced approximately 130 boed net to Cavell from the Frobisher formation. Cavell is currently designing a waterflood pressure maintenance program to enhance the field's deliverability and reserves in 2002.

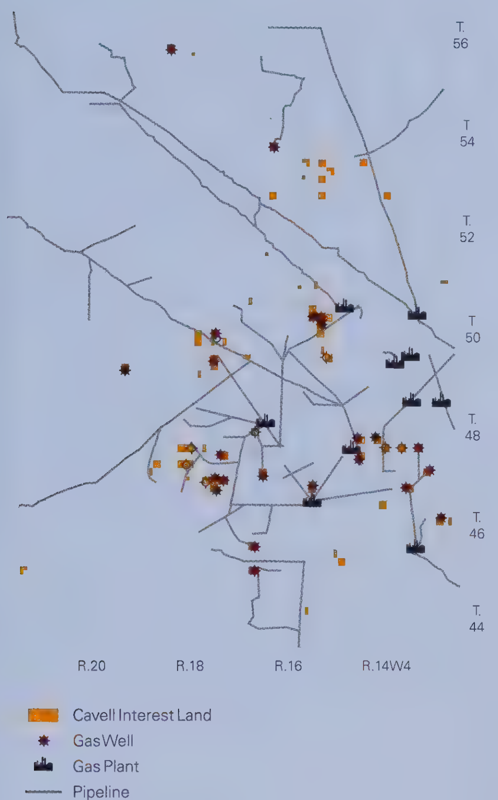
West Hastings

Cavell produced 60 net boed from six wells in this 100 per cent working interest, 3,126 gross (2,778 net) acres area. A 100 per cent working interest horizontal well drilled in 2001 at West Hastings had disappointing initial rates of production due to decreased pressure in the pool. Cavell is in the process of evaluating the installation of a pressure maintenance waterflood program to enhance the fields' deliverability and reserves. Cavell has identified additional drilling opportunities to maximize the benefit of this area once the waterflood is in place.

Innes

Located approximately 40 kilometres South East of Weyburn, Saskatchewan, Cavell has working interests ranging from 6.25 to 100 per cent in 4,821 gross (3,093 net) acres in the Cavell operated Innes field. In 2001, there were 26 oil wells (16.4 net), which produced approximately 260 boed net to Cavell from the Frobisher formation. Cavell drilled a 75 per cent working interest horizontal well at Innes in the first quarter of 2002 and has identified three additional horizontal locations to be drilled at a later date.

EAST CENTRAL ALBERTA



Established in 1999, the East Central Alberta core area is characterized by moderate deliverability natural gas reserves in multiple, shallow depth horizons in the Cretaceous and Devonian formations. Principal targets are natural gas in the Belly River, Viking, Colony, Sparky, Rex, Glauconite, Basal Quartz and Devonian formations.

Cavell's year in East Central Alberta was disappointing. Although the drilling and completion rate was high, many of the wells encountered significant declines after showing good initial results. This has resulted in shorter lived reserves and a lower than expected return on capital deployed in the area.

Cavell is currently re-evaluating its level of commitment to the area with an objective of maximizing return on investment.

Cavell has a 100 per cent working interest in the East Central Alberta region consisting of approximately 36,000 acres. In 2001, this area produced 2.6 mmcf per day.

Focus for 2002

Concentrated within three core areas in Saskatchewan and Alberta and an emerging new area established in early 2002, Cavell's major properties and activities hold promise for future growth. As a result of strategic positioning in each area, Cavell has a significant opportunity for expanding its exploration and development programs and commencing synergistic property acquisition programs. These core regions constitute a well-balanced portfolio of Company operated producing properties and exploration and development prospects with significant upside potential.

First and foremost, Cavell plans to increase its average rate of production to 2,300 boed while maintaining its strong financial position. The Company's capital expenditures for 2002 are principally focused on creating new long-term opportunities for the Company in natural gas in Western Saskatchewan. The recent acquisitions in South West and West Central Saskatchewan will provide future growth, with the potential to deliver superior returns for years to come. Cavell will also continue to look at further opportunities to bolster our financial strength through the disposition of non-core assets. This strategy will allow Cavell to enhance its asset base by re-deploying under performing financial assets into new assets.

By continually refreshing its asset base, Cavell ensures that its invested capital maximizes results.

Cavell's capital budget is targeted at $10 - $14 million for 2002. Its focus is to identify, acquire and initiate the development of newly acquired properties, which will entail expenditures on drilling and facility construction. The majority of the spending will be focused in the Baldwinton-Birling area of West Central Saskatchewan and the Abbey area of South West Saskatchewan as both areas have potential for sizeable increases in the rate of natural gas production.

Our 2002 budget is based upon expected average benchmark commodity prices of Cdn $3.00 per mcf field price and US $20.00 per bbl for West Texas Intermediate oil. The combination of Cavell's capital program and operational activities is expected to increase production and generate cash flow in excess of $12 million for 2002.

Petroleum Reserves

Cavell's petroleum reserves have been evaluated as at January 1, 2002, by Martin & Brusset Associates in its report dated February 7, 2002. The following table summarizes the key information of Cavell's reserves (10:1 mboe basis).

	Working Interest			Net		
	Oil mstb	Sales Gas mmcf	Total mboe	Oil mstb	Sales Gas mmcf	Total mboe
Proven producing	2,761	4,647	3,226	2,303	3,555	2,659
Proven non-producing	338	492	387	293	380	331
Proven undeveloped	1,312	437	1,356	1,139	389	1,178
Total proven	4,411	5,576	4,969	3,735	4,324	4,168
Risked probable (50%)	793	975	891	633	770	710
Total proven and risked probable	5,204	6,551	5,860	4,368	5,094	4,878

	Discounted Net Cash Flow Before Tax ($M)			
January 1, 2002	0%	10%	15%	20%
Proven producing	43,588	27,158	23,872	21,576
Proven non-producing	3,502	2,767	2,504	2,289
Proven undeveloped	17,200	10,988	9,210	7,868
Total proven	64,290	40,913	35,586	31,733
Risked probable (50%)	13,631	6,380	5,231	4,487
Total proven and risked probable	77,921	47,293	40,817	36,220

Price Forecasts	WTI ($US/bbl)	Edmonton ($Cdn/bbl)	Gas ($Cdn/mmbtu)
2002	20.00	30.70	3.70
2003	21.00	31.80	4.00
2004	21.00	31.30	4.00
2005	21.30	31.80	4.00
2006	21.60	32.20	4.00
2007	21.90	32.70	4.00
2008	22.20	33.20	4.00
2009	22.50	33.60	4.00
2010	22.80	34.10	4.00
2011	23.10	34.50	4.05
2012	23.40	35.00	4.13
2013 + Escalated @ 2 per cent per year			

Undeveloped Land

The Company's undeveloped land prospects will continue to increase in 2002 through farm-in, property acquisitions and Crown land sales. Cavell's objective is to maintain high working interest and operatorship of all lands acquired. Cavell's inventory of undeveloped acreage in East Central Alberta, West Saskatchewan and South East Saskatchewan is 97,000 net acres and has been valued by management at $82.00/acre totalling a value of $8.0 million.

Production

During 2001, the Company averaged 2,040 barrels of oil equivalent per day. The following table sets forth Cavell's production volumes, before royalties, by property for the periods indicated. All properties are in Saskatchewan, with the exception of the Bruce/Viking gas property located in Alberta. The Browning properties were disposed of in the first half of 2001. Where amounts are expressed on a barrel of oil equivalent basis (boe), gas volumes have been converted to barrels of oil at ten thousand cubic feet per barrel.

Years ended December 31,	**2001**	2000
Daily oil production (bbls/d)	**1,552**	916
Daily gas production (boed)	**488**	308
Total boed	**2,040**	1,224

Years ended December 31,	**2001**		2000	
Production by Area	**Volume (boe)**	**%**	Volume (boe)	%
Oakley	**319,424**	**42.9**	44,945	10.0
Bruce/Viking	**94,314**	**12.7**	83,176	18.6
Innes	**93,852**	**12.6**	107,901	24.0
Stoughton	**47,237**	**6.3**	57,948	12.9
Baldwinton	**33,689**	**4.5**	17,928	4.0
Birling	**30,313**	**4.1**	3,017	0.7
Bienfait	**29,265**	**3.9**	40,279	9.0
West Hastings	**22,821**	**3.1**	25,511	5.8
Hume	**20,367**	**2.7**	22,615	5.0
Hastings Frobisher Unit	**14,749**	**2.0**	15,803	3.5
Heavy Oil	**26,767**	**3.6**	2,142	0.5
Other	**6,554**	**0.9**	8,817	2.0
Browning	**5,304**	**0.7**	17,921	4.0
Total	**744,656**	**100**	448,003	100

Drilling History

The following table sets forth Cavell's gross and net exploratory and development wells drilled for the periods indicated.

Years ended December 31,	2001		2000	
	Gross Wells(2)	**Net Wells(2)**	Gross Wells(2)	Net Wells(2)
Productive wells(1)	**17**	**14.6**	14	10.2
Suspended	**7**	**7.0**	1	1.0
Dry and abandoned	**4**	**4.0**	2	2.0
Total	**28**	**25.6**	17	13.2
Success Rate	**84%**		85%	

Notes:

(1) "Productive well" means any well that at the time of rig release, in Cavell's opinion, was anticipated to produce sufficient revenues to cover necessary expenditures for completion costs, equipping costs, operating costs and royalties.

(2) "Gross wells" means the total number of wells in which Cavell has an interest and "Net wells" means the number of Gross wells multiplied by Cavell's working interest in such wells, shown on the basis that all interests convertible at payout have not been converted.

Capital Expenditures

The following table shows Cavell's capital expenditures on exploration, development and other types of capital expenditures for the periods indicated.

Years ended December 31, ($000s)	**2001**	2000
Land acquisition	**2,146**	1,443
Geological and geophysical	**2,271**	1,005
Drilling and completion	**8,695**	4,309
Lease and well equipment	**2,975**	1,063
Production facilities	**1,275**	672
Other	**144**	6
Total additions to capital assets	**17,506**	8,498
Proceeds on disposal of capital assets	**(1,120)**	–
Net additions to capital assets	**16,386**	8,498

Net Asset Value

Cavell's estimated 2001 year-end net asset value per issued share is calculated as follows:

Years ended December 31, ($000s except as otherwise indicated)	**2001**	2000	% Change
Net present value of established reserves			
Discounted at 10%	**47,293**	53,396	(11)
Debt (including working capital deficit)	**(9,379)**	(11,512)	(19)
Undeveloped land and seismic*	**10,500**	8,500	24
Total	**48,414**	50,384	(4)
Outstanding common shares (000s)	**36,070**	32,296	12
Net asset value per issued share	**$1.34**	$1.56	(14)

*Undeveloped land is valued at $82.00/acre and seismic values total $2.5 MM

Financial Review

2001 was a year of great challenges and equally great accomplishments for Cavell. Our accomplishments occurred largely as a result of the continued strategic focus established in 1998. At that time, we created a Business Plan targeted towards balance sheet strength, capital risk minimization and rate of return maximization, and is hallmarked by its sensitivity to the cyclical nature of oil and natural gas prices. The Company viewed 2001 as a year to position itself for future growth. Cavell will use its improved financial strength to position the Company to grow through strategic acquisitions taking advantage of the lower commodity prices. It is the Company's plan to develop these acquired assets when higher commodity prices return. Our focus on maximizing opportunities while maintaining a strong financial position will provide Cavell with the ability to increase overall shareholder value.

Highlights

Cavell Energy Corporation's financial performance highlights for the year ended December 31, 2001 are summarized as follows:

→ Petroleum and natural gas sales increased by 42 per cent in 2001 to $27.3 million from $19.2 million in 2000.

→ Natural gas production increased 58 per cent to 4,877 mcf per day in 2001 as compared to 3,079 mcf per day in 2000.

→ Crude oil production increased 69 per cent to 566,641 barrels in 2001 compared to 335,296 barrels in 2000.

→ Average daily production increased 66 per cent to 2,040 boed from the 2000 average of 1,224 boed.

→ Royalty expense per boe decreased 36 per cent to $6.31 in 2001 compared to $9.79 per boe in 2000.

→ Production expenses per boe decreased 25 per cent to $6.00 from $7.97 per boe in 2000.

→ Basic funds flow from operations increased 73 per cent to $15.6 million or $0.47 basic per share, compared to $9.0 million or $0.29 basic per share in 2000.

→ Interest expense decreased to $0.8 million in 2001 from $1.0 million in 2000.

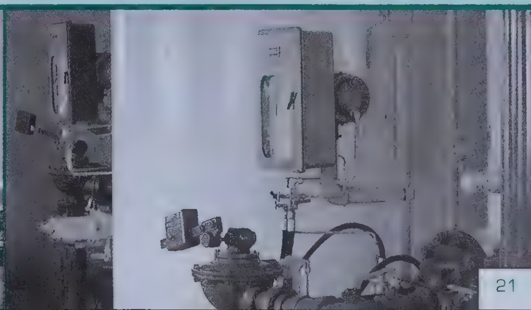
→ Depletion and depreciation expense was $6.2 million, an increase of 124 per cent from $2.8 million in 2000.

→ Canadian income tax pools totaled $39.0 million at December 31, 2001.

→ Net earnings were $5.8 million or $0.18 basic per share compared to $9.9 million or $0.32 basic per share in 2000.

→ Net capital expenditures were $16.4 million, up 93 per cent from $8.5 million in 2000.

→ Total debt decreased to $9.4 million from $11.5 million in 2000.



The following discussion and analysis of financial results should be read in conjunction with the Consolidated Financial Statements and Notes thereto for the year-ended December 31, 2001. This discussion offers Management's opinion of Cavell's historical financial and operating results and is based on information available at March 5, 2002. Information provided for 2002 is based on assumptions about future events; actual results may vary from estimates. Where amounts are expressed on a barrel of oil equivalent basis (boe), gas volumes have been converted to barrels of oil at ten thousand cubic feet per barrel (10:1). The terms funds flow and cash flow are used interchangeably between the Consolidated Financial Statements and Management's Discussion and Analysis and is prior to the change in non-cash working capital.

Revenues

Petroleum and natural gas sales increased to $27.3 million or a 42 per cent increase from 2000 ($19.2 million) as a result of a 66 per cent increase in production volumes and taking into account the 14 per cent decrease in product prices. Net settlement receipts on hedging activities in 2001 were in the amount of $0.1 million ($0.6 million payment in 2000) or $0.15/boe ($1.30/boe – 2000). Cavell currently has three million cubic feet of natural gas per day hedged under a costless collar with a range of Cdn $3.25 to Cdn $4.60 per mcf until October 31, 2002. Cavell also has 600 barrels of oil per day hedged with a costless collar price range of US $21.00 WTI to US $31.05 WTI until March 31, 2002.

Natural gas sales accounted for 31 per cent of the Company's revenues in 2001. Revenue from natural gas increased to $8.4 million in 2001 ($6.2 million – 2000) as a direct result of additional gas wells placed on production.

Revenue from crude oil increased 45 per cent to $18.9 million (2000 - $13.0 million) as a direct result of a 69 per cent increase in production to 566,641 barrels compared to 335,296 barrels in 2000. This was achieved through the 613 per cent increase in Oakley production to 300,415 barrels of oil (2000 - 42,142) from the successful drilling of 3.5 net new horizontal wells during the year. The remainder of the Company's properties decreased due to natural decline rates. Crude oil sales accounted for 69 per cent of the Company's petroleum and natural gas revenues.

	2001		2000	
Petroleum and Natural Gas Sales by Area	**$000s**	**%**	$000s	%
Oakley	**11,278**	**42**	1,930	10
Bruce/Viking	**4,966**	**18**	4,683	24
Innes	**2,870**	**11**	4,132	22
Stoughton	**1,458**	**5**	2,248	12
Baldwinton	**1,371**	**5**	1,036	5
Birling	**1,234**	**5**	264	1
Bienfait	**1,150**	**4**	1,632	8
West Hastings	**800**	**3**	1,126	6
Hume	**657**	**2**	910	5
Hastings Frobisher Unit	**553**	**2**	721	4
Heavy Oil	**394**	**1**	24	–
Other	**225**	**1**	372	2
Browning	**205**	**1**	744	4
Settlement payments on hedges	**112**	**–**	(579)	(3)
Total	**27,273**	**100**	19,243	100

Quarterly Oil and Natural Gas Production Volumes (boed)	Q1	Q2	Q3	Q4
2001	**1,500**	**2,042**	**2,565**	**2,042**
2000	1,105	1,233	1,322	1,235

Production and Prices	**2001**	2000	% Change
Crude oil (barrels)	**566,641**	335,296	69
Natural gas production (mcf)	**1,780,147**	1,127,070	58
Barrels of oil equivalent (boe) 10:1	**744,656**	448,003	66
WTI oil price – $US/barrel	**$25.86**	$30.20	(14)
Exchange rate	**0.65**	0.67	(3)
WTI oil price – $Cdn	**39.78**	44.86	(11)
Quality differential	**(6.45)**	(5.96)	8
Cavell oil price – $Cdn/barrel	**$33.33**	$38.90	(14)
Gas price – $Cdn/mcf	**$4.71**	$5.50	(14)

Crown royalty rates were two per cent lower in 2001 than 2000 due to the benefit received from the four per cent royalty rate on the first 75,000 barrels of production from each new horizontal well in Saskatchewan. Freehold and gross overriding royalty rates were four per cent lower year-over-year owing to reduced revenue from wells subject to freehold and overriding royalties.

	2001		2000	
Royalties	**$000s**	**Rate %**	$000s	Rate %
Crown royalties, net of Alberta Royalty Tax Credit	**3,108**	**11**	2,477	13
Freehold and gross overriding royalties	**1,593**	**6**	1,909	10
Total royalties	**4,701**	**17**	4,386	23

Expenses

Production

Production expenses per barrel of oil equivalent were reduced to $6.00 in 2001, a decrease of 25 per cent due primarily to operating costs being applied to a higher rate of production for the period.

In 2002, Cavell will strive to maintain operating costs at the $6.00/boe level. With expected lower commodity prices, the Company will carefully monitor well performance in an effort to maintain production expenses.

General and Administration Expenses

$000s	**2001**	2000	% Change
Gross expense	**2,752**	1,837	50
Less recoveries			
Overhead	**154**	155	–
Capitalized G&A	**1,164**	790	47
Net expenses	**1,434**	892	61
Average cost ($/boe)			
Gross	**3.70**	4.10	(10)
Net	**1.93**	1.99	(3)
Number of employees			
Head office	**12**	12	–
Field office	**1**	1	–
Total Employees	**13**	13	–

In 2001, general and administration expenses include bonus amounts based on the years 2000 and 2001. The 2000 bonus of $248,000 paid in March 2001, encouraged employees to exercise stock options. As a direct result of this program 537,108 stock options were exercised for proceeds of $176,000. In December of 2001, Cavell paid a bonus of $371,000. Cavell determines bonus amounts on a formula taking into account factors such as production growth, cash flow growth per share, reserve growth, pre-tax earnings growth per share and percentage growth in boed.

Interest Expense

Interest expense decreased to $0.8 million in 2001 from $1.0 million in the prior year due to decreased lending rates during the period combined with a seven per cent decrease in average debt outstanding during the year.

Interest	**2001**	2000
Interest ($000s)	**764**	986
Average debt outstanding ($000s)	**9,998**	10,736
Average interest rate	**7.6%**	9.2%
Average cost per boe	**$1.03**	$2.20

Depletion and Depreciation

Total depletion and depreciation expense increased to $6.2 million in 2001 compared with $2.8 million in 2000. This is due primarily to a 66 per cent increase in production for purposes of the depletion calculation, which is calculated by converting gas volumes to oil using volume equivalents of 6 to 1 and a 38 per cent rise in the depletion and depreciation rate for 2001. The decrease in reserve volumes accounts for the balance of the increase in depletion and depreciation in 2001 over 2000.

	2001		2000	
Depletion and Depreciation Expense	**$000s**	Per boe	$000s	Per boe
Depletion and depreciation	**5,545**	**$7.45**	2,424	$5.41
Provision for future site restoration and abandonment	**641**	**0.86**	338	0.75
	6,186	**$8.31**	2,762	$6.16

Ceiling Test

In accordance with its accounting policy, Cavell carries out a ceiling test to compare the carrying value of its petroleum and natural gas property and equipment with an estimate of future net cash flow from production of proven reserves, less future site restoration and abandonment costs, capital costs, general and administrative expenses, financing costs, development costs of proven undeveloped reserves and income taxes, based on year-end prices and costs without escalating or discounting.

At December 31, 2001, the prices used in the ceiling test determination were Cdn $25.92/bbl and Cdn $3.01/mcf. Estimated future net revenues for purposes of the ceiling test exceed the carrying value of property, plant and equipment at December 31, 2001 by $10.2 million. At December 31, 2001, a reduction of $1.00 in the price of oil would result in a reduction of $2.7 million to the "cushion" while a $0.10 reduction in the price of natural gas would result in a decrease of $0.3 million to the "cushion". The ceiling test is a cost recovery test and is not intended to result in an estimate of the fair market value of petroleum and natural gas properties.

Taxes

Effective January 1, 2000, the Canadian Institute of Chartered Accountants ("CICA") changed the accounting standard relating to the accounting for income taxes. The CICA's new standard on accounting for income taxes adopts the liability method of accounting for future income taxes.

The Company has adopted the new income tax accounting standard retroactively without restatement of prior periods. There has not been any change as at January 1, 2000, in the Company's deficit or future income taxes as a result of adopting the new income tax accounting standard. The effect of using the liability method in 2000 resulted in an increase to earnings of $3.6 million and an increase in future income tax assets of $3.6 million in 2000. Cavell has incurred capital taxes of $0.3 million in 2001 including a 3.6 per cent resource royalty surcharge on gross revenues earned in Saskatchewan. In addition, Cavell is impacted by the Large Corporations Tax levied by the federal government.

The full amount of the future income tax effect of the renunciation of expenditures of $1.3 million has been recorded in the financial statements as a reduction to share capital and an increase to the future income tax liability as at December 31, 2001. In addition, Cavell is required to incur eligible exploration expenditures of approximately $3.0 million during 2002 to satisfy the terms of the flow through share offering which has been accrued for in the summary of tax pools listed below.

	2001		2000	
Taxes	$000s	Rate %	$000s	Rate %
Future income tax expense (reduction)	**3,596**	**13.2**	(3,600)	(18.7)
Large Corporations Tax	**340**	**1.2**	391	2.0
Total taxes	**3,936**	**14.4**	(3,209)	(16.7)

Tax Pools	Rate %	Amount ($millions)
Canadian exploration expense *	100	6.7
Canadian development expense	30	13.0
Canadian oil and gas property expense	10	6.5
Undepreciated capital cost	10 - 30	8.6
Non-capital losses	100	4.2
Total		39.0

*Tax pools have been reduced by $3.0 million giving effect to the 2001 flow-through share issue.

Funds Flow and Earnings

Funds flow from operations increased 73 per cent to $15.6 million in 2001 from $9.0 million in 2000 due to the increase in production of 66 per cent. Net earnings decreased to $5.8 million in 2001 from $9.9 million in 2000, largely due to the benefit of the future income tax reduction taken in 2000. On a per share basis, basic funds flow from operations increased 62 per cent to $0.47 per share, while basic earnings per share decreased to $0.18 per share for the year 2001 compared to $0.32 per share in the previous year.

Netbacks ($/boe)	2001	2000	% Change
Volume (boed)	**2,040**	1,224	66
Volume (boe)	**744,656**	448,003	66
Average selling price	**$36.63**	$42.95	(15)
Crown royalties	**4.17**	5.53	(25)
Other royalties	**2.14**	4.26	(50)
Operating expenses	**6.00**	7.97	(25)
Netback – field level	**24.32**	25.19	(4)
General and administration	**1.93**	1.99	(3)
Interest	**1.03**	2.20	(53)
Capital taxes	**0.46**	0.87	(47)
Cash available for reinvestment	**$20.90**	$20.13	4

Net Earnings ($000s)	2001	2000	% Change
Funds flow from operations	**15,566**	9,017	73
Less			
Depletion and depreciation	**5,545**	2,424	129
Site restoration	**641**	338	90
Future taxes (reduction)	**3,596**	(3,600)	200
Net earnings	**5,784**	9,855	(41)

Liquidity And Capital Resources

Capital Assets, Reserve Additions and Finding Costs

In 2001, Cavell invested $16.4 million (net of proceeds of $1.1 million) in property, plant and equipment, an increase of 92 per cent from 2000. These expenditures were primarily funded by funds flow from operations.

Expenditures

$000s	2001	2000
Land acquisition and lease rentals	**2,146**	1,443
Geological and geophysical	**2,271**	1,005
Drilling and completion	**8,695**	4,309
Lease and well equipment	**2,975**	1,063
Production facilities	**1,275**	672
Other	**144**	6
Total additions to capital assets	**17,506**	8,498
Proceeds on disposal of capital assets	**(1,120)**	–
Net additions to capital assets	**16,386**	8,498
Reserve additions before revisions (mboe)		
Proven	**808**	1,186
Probable	**294**	434
Total reserve additions (mboe)	**1,102**	1,620
Finding costs ($ per boe)		
Proven	**20.27**	7.17
Proven and probable	**14.87**	5.25
3-year rolling average		
Proven	**11.88**	8.46
Proven and probable	**8.79**	6.09

For fiscal year 2002, Cavell plans to increase capital activity by developing natural gas opportunities in Saskatchewan while maintaining crude oil production levels through the development of inventory locations.

Equity Capital

The Company's common shares were listed for trading on the Toronto Stock Exchange on October 31, 1996. In December 2001, 3,124,739 flow-through common shares were issued for gross proceeds of $3.0 million ($1.7 million net of future tax effect). Issue expenses on the flow-through common share issue were $0.1 million net of future income taxes. The Company's market capitalization at December 31, 2001 was $29.9 million.

Trading History

2001	Q1	Q2	Q3	Q4	Year
High	0.96	1.40	1.19	0.98	1.40
Low	0.55	0.84	0.80	0.68	0.55
Close	0.85	1.16	0.85	0.83	0.83
Volume (000s)	3,228	5,456	2,353	2,388	13,425

Bank Debt

In 2001, Cavell reduced long-term debt by $0.9 million. Long-term debt on a forward basis is expected to be no greater than 1.5 times cash flow in 2002.

The Company has a $17.0 million revolving operating demand loan, of which $8.8 million has been utilized as at December 31, 2001. The revolving operating demand loan bears interest at bank prime rates plus 1/2 per cent. The loan is secured by all of the Company's assets with a first floating charge debenture and a general security agreement. A review of these borrowing arrangements based on an engineering evaluation of the Company's oil and gas properties will occur by April 30, 2002. No principal payments are expected as long as Cavell continues to meet existing covenants.

Cavell's credit facility is subject to the CICA's recently issued guide on "Balance Sheet Classification of Callable Debt Obligations and Debt Obligation Expected to be Refinanced". The abstract addresses classifications as current or long-term of certain debt agreements where the debt is callable or scheduled to mature within one year but expected to be refinanced on a long-term basis. Application of this abstract will cause debt facilities presently classified as long-term liabilities to be classified as current liabilities. The new rates are applicable for fiscal years beginning on or after January 1, 2002.

Corporate Governance

In accordance with the guidelines of the Toronto Stock Exchange, Cavell describes its corporate governance program in its Management Information Circular. Cavell has 100 per cent of its reserves evaluated by an independent firm, while Cavell's audit committee reviews the Company's reserve report.

Business Risks

Crude oil and natural gas exploration, production, acquisition, and marketing operations involve a number of business risks. These include the uncertainty of finding new reserves and the instability of commodity prices. The Company mitigates these risks through various strategies. It employs highly competent professional staff and utilizes equity and funds flow from operations to fund capital expenditures so that debt does not become a burden. The Company generates its exploration prospects internally. Extensive geological, geophysical, engineering, and environmental analyses are performed before Cavell commits to drilling new prospects. Various procedures are utilized to ensure a suitable balance between risk and reward. Supply, competition, the U.S. dollar exchange rate, transportation, political stability and seasonal changes in demand resulting from weather patterns influence commodity prices. The value of the Canadian dollar, which is influenced by economic and political factors, affects all of the Company's crude oil and natural gas sales.

Historically, regulatory intervention and taxation have had a significant impact on the oil and natural gas industry. However, with the deregulation of the industry which began in 1985 and stable taxation levels, there is currently a reasonable operating environment in Canada for financially healthy companies. Nonetheless, the potential exists for this operating environment to change due to changes in taxation and energy policy.

The industry is subject to extensive regulations imposed by governments related to the protection of the physical environment. Environmental legislation in Western Canada has undergone major revisions with more stringent environmental standards and compliance. The Company is committed to meeting its responsibilities to protect the physical environment wherever it operates and has instituted a series of controls and procedures with respect to environmental protection that meet the standards of the Environmental Code of Practice published by the Canadian Association of Petroleum Producers. The estimated liability for future abandonment and restoration costs is reviewed annually and is recorded in accordance with recommendations of the Canadian Institute of Chartered Accountants. Total future costs are estimated to be $5.7 million over the life of the oil and gas properties, of which $2.4 million has been recorded as a long-term liability, with the balance to be spent over the remaining life of the assets.

Sensitivity Analysis

The Company's earnings and cash flow from operations are highly sensitive to changes in factors that are beyond its control. An estimate of the Company's sensitivities to changes in commodity prices is shown in the table below.

	Funds Flow from Operations		Net Earnings	
	$000s	$/share basic	$000s	$/share basic
Change of US $1.00 in the WTI crude oil price	719	$0.02	399	$0.01
Change of Cdn $0.10 in the natural gas price	147	$0.00	82	$0.00

Fiscal 2001 Quarterly Summary

($000s, except per share amounts)	Q1	Q2	Q3	Q4	Year
Financial					
Petroleum and natural gas sales	6,546	7,432	8,299	4,996	27,273
Royalties	1,370	1,182	1,217	932	4,701
Production expenses	952	1,148	1,157	1,211	4,468
Field netbacks	4,224	5,102	5,925	2,853	18,104
Funds flow from operations	3,556	4,477	5,347	2,186	15,566
Per share – basic ($)	0.11	0.14	0.16	0.06	0.47
Per share – diluted ($)	0.11	0.13	0.16	0.06	0.46
Net earnings	1,873	1,732	2,164	15	5,784
Per share – basic ($)	0.06	0.05	0.07	–	0.18
Per share – diluted ($)	0.06	0.05	0.06	–	0.17
Net additions to capital assets	4,898	3,567	4,146	3,775	16,386
Long-term debt	10,490	10,500	9,000	8,800	8,800
Common shares outstanding					
End of period	32,826,345	32,841,787	32,902,478	36,069,598	36,069,598
Weighted average	32,363,765	32,833,141	32,856,203	33,385,940	32,862,553
Operations					
Oil (bbls)	98,652	142,451	183,538	142,000	566,641
Gas (mcf)	363,279	433,433	524,502	458,933	1,780,147
Average production 10:1	134,980	185,794	235,988	187,894	744,656
Average production (boed) 10:1	1,500	2,042	2,565	2,042	2,040
WTI ($US/bbl)	28.70	27.97	26.50	20.31	25.86
Average sales price ($/boe)	48.49	40.00	35.16	26.59	36.63
Field netbacks ($/boe)	31.29	27.45	25.11	15.18	24.32
Wells drilled					
Gross	9.0	7.0	7.0	5.0	28.0
Net	9.0	7.0	4.6	5.0	25.6
Success rate (%)	89	86	86	80	84

Fiscal 2000 Quarterly Summary

($000s, except per share amounts)	Q1	Q2	Q3	Q4	Year
Financial					
Petroleum and natural gas sales	3,205	4,396	5,488	6,154	19,243
Royalties	747	925	1,286	1,428	4,386
Production expenses	730	829	970	1,042	3,571
Field netbacks	1,728	2,642	3,232	3,684	11,286
Funds flow from operations	1,196	2,092	2,648	3,081	9,017
Per share – basic ($)	0.04	0.07	0.09	0.10	0.29
Per share – diluted ($)	0.04	0.07	0.08	0.09	0.28
Net earnings	650	1,392	1,896	5,917	9,855
Per share – basic ($)	0.02	0.05	0.06	0.18	0.32
Per share – diluted ($)	0.02	0.05	0.06	0.17	0.31
Net additions to capital assets	1,741	1,708	1,769	3,280	8,498
Long-term debt	11,100	11,190	10,590	9,678	9,678
Common shares outstanding					
End of period	30,049,599	30,099,199	31,049,713	32,295,564	32,295,564
Weighted average	30,049,599	30,067,599	30,467,611	32,295,564	30,721,658
Operations					
Oil (bbls)	85,061	84,585	85,482	80,168	335,296
Gas (mcf)	155,335	276,112	361,242	334,381	1,127,070
Average production 10:1	100,595	112,196	121,606	113,606	448,003
Average production (boed) 10:1	1,105	1,233	1,322	1,235	1,224
WTI ($US/bbl)	28.72	28.62	31.55	31.86	30.20
Average sales price ($/boe)	31.86	39.18	45.13	54.17	42.95
Field netbacks ($/boe)	17.17	23.55	26.57	32.43	25.19
Wells drilled					
Gross	6.0	2.0	3.0	6.0	17.0
Net	3.2	2.0	3.0	5.0	13.2
Success rate (%)	100	50	100	83	85

Management's Report

The accompanying financial statements and all the other information in this Annual Report are the responsibility of the management of Cavell Energy Corporation. The section entitled "Management's Discussion and Analysis" reflects the opinions of management of the current and future trends within the oil and gas industry and the impact these may have on Cavell Energy Corporation.

The financial statements have been prepared by management in accordance with those accounting principles generally accepted in Canada. The Company's systems of internal control have been created and maintained to provide reasonable assurance that assets are properly safeguarded and that the financial records are sufficiently well maintained to provide relevant, timely and reliable information to management and to allow preparation of financial statements in accordance with the Company's accounting policies. Certain estimates are made by management in the preparation of the financial statements. In management's opinion, the financial statements have been prepared within reasonable limits of materiality and within a framework of the significant accounting policies summarized in the notes to the financial statements.

KPMG LLP, an independent firm of chartered accountants, have been appointed by the shareholders to examine the financial statements and to report to the shareholders. The Audit Committee, consisting of a majority of non-management directors, met with KPMG LLP and with management to discuss the overall scope of the audit and to review the financial statements. The Audit Committee has reported its findings to the Board of Directors, who have approved the financial statements.

Murray D. McCartney
President and Chief Executive Officer

Arthur J.G. Madden
Vice President and Chief Financial Officer

Calgary, Canada
March 5, 2002

Auditors' Report to the Shareholders

We have audited the consolidated balance sheets of Cavell Energy Corporation as at December 31, 2001 and 2000 and the consolidated statements of earnings and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2001 and 2000 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Calgary, Canada
March 5, 2002

(thousands of Canadian dollars)

As at December 31,	2001	2000
Assets		
Current assets:		
Cash	$ 1,069	$ –
Accounts receivable	2,931	3,046
Prepaid expenses and deposits	117	83
	4,117	3,129
Capital assets (note 3)	43,561	32,732
Future income taxes (note 6)	–	3,600
	$ 47,678	$ 39,461
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 4,696	$ 4,963
Provision for future site restoration	2,386	1,757
Long-term debt (note 4)	8,800	9,678
Future income taxes (note 6)	1,166	–
Shareholders' equity:		
Share capital (note 5)	34,813	33,030
Deficit	(4,183)	(9,967)
	30,630	23,063
	$ 47,678	$ 39,461

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Murray D. McCartney
Director

Glen A. Volk
Director

Consolidated Statements of Earnings and Deficit

(thousands of Canadian dollars, except per share amounts)

Years ended December 31,	2001	2000
Revenues:		
Petroleum and natural gas sales	**$ 27,273**	$ 19,243
Less royalties	**4,701**	4,386
	22,572	14,857
Expenses:		
Production	**4,468**	3,571
General and administration	**1,434**	892
Interest on long-term debt	**764**	986
Depletion and depreciation	**6,186**	2,762
	12,852	8,211
Earnings before taxes	**9,720**	6,646
Taxes (note 6):		
Capital taxes	**340**	391
Future income taxes (reduction)	**3,596**	(3,600)
	3,936	(3,209)
Net earnings for the year	**5,784**	9,855
Deficit, beginning of year	**(9,967)**	(19,822)
Deficit, end of year	**$ (4,183)**	$ (9,967)
Earnings per Common Share (note 5):		
Basic	**$ 0.18**	$ 0.32
Diluted	**$ 0.17**	$ 0.31
Weighted average number of Common Shares outstanding during the year	**32,862,553**	30,721,658

See accompanying notes to consolidated financial statements.

(thousands of Canadian dollars, except per share amounts)

Years ended December 31,	2001	2000
Cash provided by (used in):		
Operations:		
Net earnings for the year	**$ 5,784**	$ 9,855
Items not involving cash:		
Depletion and depreciation	**6,186**	2,762
Future income taxes (reduction)	**3,596**	(3,600)
Funds flow from operations	**15,566**	9,017
Changes in non-cash working capital	**(1,200)**	326
	14,366	9,343
Financing:		
Repayment of long-term debt	**(878)**	(1,822)
Share capital, net of issue costs	**2,953**	670
	2,075	(1,152)
Investments:		
Additions to capital assets	**(17,506)**	(8,498)
Proceeds on disposal of capital assets	**1,120**	–
Changes in non-cash working capital	**1,014**	307
	(15,372)	(8,191)
Change in cash	**1,069**	–
Cash, beginning of year	**–**	–
Cash, end of year	**$ 1,069**	$ –
Funds flow from operations per Common Share (note 5):		
Basic	**$ 0.47**	$ 0.29
Diluted	**$ 0.46**	$ 0.28
Supplemental disclosure of cash flow information:		
Cash interest paid	**$ 790**	$ 980

See accompanying notes to consolidated financial statements.

Years ended December 31, 2001 and 2000
(thousands of Canadian dollars, except per share amounts)

1. Basis of presentation:

The Company is engaged in the acquisition, development and production of petroleum and natural gas properties in the Western Canadian sedimentary basin. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary.

2. Significant accounting policies:

As a determination of many assets, liabilities, revenues and expenses is dependent upon future events, the preparation of these consolidated financial statements requires the use of estimates and assumptions, which have been made using careful judgment. In the opinion of management, these consolidated financial statements have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

(a) Capital assets:

The Company follows the full cost method of accounting for oil and gas operations, whereby all costs of exploring for and developing oil and gas properties and related reserves are capitalized. Such costs include land acquisition costs, cost of drilling both productive and non-productive wells and related production equipment, lease rental costs on non-producing properties, geological and geophysical expenses and indirect general and administrative costs related to exploration and development activities.

Capitalized costs, excluding costs relating to unproven properties and salvage values, are depleted using the unit-of-production method based on estimated proven reserves of oil and gas before royalties as determined by independent petroleum engineers. For purposes of the depletion calculation, natural gas reserves and production are converted to equivalent volumes of crude oil based on relative energy content.

The costs of acquiring and evaluating unproved properties are initially excluded from depletion calculations. These properties are assessed periodically to ascertain whether impairment has occurred. When proved reserves are assigned or the property is considered to be impaired, the cost of the property or the amount of impairment is added to the costs subject to depletion.

The Company applies a "ceiling test" to capitalized costs to ensure that the net costs capitalized do not exceed the estimated future net revenues from the production of its proven reserves, plus the cost of undeveloped lands, less impairment. Future net revenues are calculated at year-end prices and include an allowance for estimated future general and administration expenses, interest expense, income taxes, and future site restoration costs.

Gains or losses on the disposition of oil and gas properties are not recognized except under circumstances that result in a change in the depletion rate of 20% or more.

Depreciation of furniture and office equipment is provided using the straight-line method based upon estimated useful lives at rates of 10% to 30%.

(b) *Interest in joint ventures:*

Substantially all of the Company's oil and gas exploration and development activities are conducted jointly with others and, accordingly, the financial statements reflect only the Company's proportionate interest in such activities.

(c) *Future site restoration and abandonment costs:*

Site restoration and abandonment costs are provided for over the life of the estimated proven reserves on a unit-of-production basis. Costs are estimated each year by management in consultation with the Company's engineers based on current regulations, costs, technology and industry standards. The period charge is expensed and actual site restoration and abandonment expenditures are charged to the accumulated provision account as incurred.

(d) *Financial instruments:*

The Company periodically enters into derivative financial instrument contracts to manage exposure related to interest rates, petroleum and natural gas prices and foreign currency exchange rates. Amounts received or paid under interest rate swaps are recognized in interest expense, while settlement amounts on commodity and foreign currency hedge contracts are recognized in earnings as the related production revenues are recorded (see note 7).

(e) *Per share amounts:*

Diluted per share amounts are calculated using the treasury stock method. Diluted calculations reflect the weighted average incremental common shares that would be issued upon exercise of dilutive options and warrants assuming the proceeds would be used to repurchase shares at average market prices for the period. Anti-dilutive options and warrants are not included in the calculation.

(f) *Stock option plan:*

The Company has a stock option plan that is described in note 5(c). When stock options are granted, no compensation expense is recorded. Consideration received on the exercise of the stock option is credited to share capital.

(g) *Income taxes:*

The Company uses the liability method of accounting for future income taxes. Under the liability method, future income tax assets and liabilities are determined based on "temporary differences" (differences between the accounting basis and the tax basis of the assets and liabilities), and are measured using the currently enacted, or substantively enacted, tax rates and laws expected to apply when these differences reverse. A valuation allowance is recorded against any future income tax assets if it is more likely than not that the asset will not be realized.

(h) *Flow-through shares:*

The resource expenditure deductions for income tax purposes related to exploratory and development activities funded by flow-through share arrangements are renounced to investors in accordance with tax legislation. The estimated cost of the renounced tax deductions are reflected in share capital and future income taxes when the funds are received.

3. Capital assets:

2001	Cost	Accumulated depletion and depreciation	Net book value
Petroleum and natural gas properties	**$ 77,224**	**$ 39,138**	**$ 38,086**
Production equipment and facilities	**20,622**	**15,436**	**5,186**
Other	**1,154**	**865**	**289**
	$ 99,000	**$ 55,439**	**$ 43,561**

2000			
Petroleum and natural gas properties	$ 64,698	$ 41,390	$ 23,308
Production equipment and facilities	16,882	7,724	9,158
Other	1,046	780	266
	$ 82,626	$ 49,894	$ 32,732

Unproved property costs and salvage values of $7.9 million (2000 - $8.1 million) have been excluded from costs subject to depletion.

As at December 31, 2001, the estimated future site restoration costs to be accrued over the life of the remaining proven reserves were $3.3 million (2000 - $3.9 million).

During 2001, $1.2 million (2000 - $0.8 million) of direct and indirect general and administrative costs were capitalized.

4. Long-term debt:

The Company has an extendible demand credit facility with a major Canadian chartered bank in the amount of $17 million at December 31, 2001. Available borrowings are subject to periodic review of the Company's oil and gas borrowing base as determined by the bank. The bank does not foresee demanding repayment of the outstanding principal during 2002 under the facility providing the Company continues to satisfy the provisions of the credit agreement and, consequently has been classified as long-term. Cash of $1.1 million as at December 31, 2001 was subsequently applied to reduce the long-term debt balance. Borrowings under the facility bear interest at the bank's prime lending rate plus 1/2% or Bankers' Acceptance rate plus a stamping fee of 2%. The loan is secured by all of the Company's assets with a first floating charge debenture and a general security agreement.

5. Share capital:

(a) Authorized:

Unlimited number of Common Shares without par value.
Unlimited number of First Preferred Shares, of which none have been issued.
Unlimited number of Second Preferred Shares, of which none have been issued.

(b) Common Shares issued:

	Number of Shares	Amount
Balance, December 31, 1999	30,049,599	$ 32,360
Issued on exercise of warrants	2,178,465	653
Issued on exercise of options	67,500	17
Balance, December 31, 2000	32,295,564	33,030
Issued on exercise of options	649,295	211
Flow-through shares issued for cash	3,124,739	2,968
Future income tax effect of flow-through shares	–	(1,266)
Cost of issue (net of future income taxes of $96,000)	–	(130)
Balance, December 31, 2001	**36,069,598**	**$ 34,813**

During 2001, the Company issued 3,124,739 flow-through Common Shares for gross proceeds of $3.0 million. In accordance with the terms of its flow-through share offering, and pursuant to certain provisions of the Income Tax Act (Canada), the Company is required to renounce, for income tax purposes, exploration expenditures incurred to holders of its flow-through shares. Share capital was reduced and the future income tax liability increased by $1.3 million at December 31, 2001 to reflect the income tax benefits foregone of the expenditures renounced. At December 31, 2001, the Company is required to incur eligible exploration expenditures during 2002 of $3.0 million to satisfy the terms of the flow-through share offering.

On August 20, 1999, the Company completed a rights offering of 4,433,477 Common Share units. Each unit included one Common Share and one-half warrant to purchase one Common Share, expiring on October 6, 2000. During 2000, 2,178,465 warrants were exercised for gross proceeds of $653,000. Included in the issue of Common Share units were 2,058,131 flow-through Common Share units at a price of $0.22 per unit, of which officers and directors purchased 108,000 flow-through units.

Included in accounts receivable is a loan outstanding to an executive officer and director for $80,435 (2000 - $111,512). This loan is evidenced by a promissory note, is secured by a pledge of 197,672 Common Shares of the Company and bears interest at prime plus 1% per annum.

(c) *Stock option plan:*

The Company has a stock option plan to provide options for directors, officers and employees to purchase Common Shares of the Company.

The stock options are exercisable over a two to five-year period exercisable on a cumulative basis ranging from 20% to 50% per year.

Changes in the number of options with their weighted average exercise price are summarized below:

	2001		2000	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	**2,948,778**	**$ 0.74**	1,722,100	$ 1.64
Granted	**734,108**	**1.12**	1,996,678	0.42
Cancelled	**(91,927)**	**(0.86)**	(702,500)	(0.99)
Exercised	**(649,295)**	**(0.32)**	(67,500)	(0.25)
Repriced	**–**	**–**	(435,600)	(1.93)
Repriced	**–**	**–**	435,600	0.25
Outstanding, end of year	**2,941,664**	**$ 0.92**	2,948,778	$ 0.74
Exercisable, end of year	**1,287,381**	**$ 1.20**	995,240	$ 1.38

The following table summarizes stock options outstanding and exercisable under the plan at December 31, 2001:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$0.25 - $0.38	292,370	2	$ 0.27	168,370	$ 0.26
$0.40 - $0.49	1,761,561	4	0.42	884,111	0.42
$0.78 - $1.20	682,233	4	1.12	29,400	0.80
$5.40	205,500	–	5.40	205,500	5.40
$0.25 to $5.40	2,941,664	3	$ 0.92	1,287,381	$ 1.20

(d) Per share amounts:

A total of 765,733 options were excluded from dilution calculations, as they were anti-dilutive.

(e) Shareholder Protection Rights Plan:

A Shareholder Protection Rights Plan (the "Rights Plan") was approved at the Annual and Special General Meeting of Shareholders on June 6, 2001. The Rights Plan utilizes the mechanism of the Permitted Bid to ensure that a person seeking control of the Company (an "Acquiring Person") allows shareholders and the Board of Directors sufficient time to evaluate the bid and time to explore and develop alternatives for maximizing shareholder value. The purpose of the Permitted Bid (a bid which provides that shares tendered to the bid will not be taken up prior to 60 days following the date of the bid) is to encourage a potential bidder to avoid the dilutive features of the Rights Plan by making a Permitted Bid or by negotiating with the Directors the terms of an offer which is fair to all shareholders. If a Take-Over-Bid does not qualify as a Permitted Bid, or if the Rights Plan is not waived by the Board of Directors in respect of that Take-Over Bid, the Rights Plan provides that shareholders other than the Acquiring Person may purchase shares at a 50% discount to the market price thereby diluting the value of the Acquiring Person's shares. The Rights Plan will expire unless ratified by shareholders following its fifth anniversary and expires on its tenth anniversary.

6. Taxes:

The provision for income taxes differs from the amount obtained by applying the combined Federal and Provincial income tax rate to earnings before taxes. The difference relates to the following items:

	2001	2000
Statutory tax rate:	44.5%	44.6%
Expected tax provision	$ 4,326	$ 2,964
Increase (decrease) resulting from:		
Crown royalties, net of ARTC	1,331	1,108
Resource allowance	(1,821)	(1,313)
Benefit of accounting losses previously unrecognized	(240)	(6,359)
Future income taxes (reduction)	3,596	(3,600)
Capital and other taxes	340	391
	$ 3,936	$ (3,209)

The components of the net future income tax liability at December 31, 2001 is as follows:

Future income tax assets:	
Non-capital losses	$ 1,744
Future site restoration	796
Share issue costs	142
	2,682
Future income tax liabilities:	
Capital assets	(3,848)
Net future income tax liability	$ (1,166)

7. Financial instruments:

The Company is exposed to fluctuations in commodity prices, interest rates, and exchange rates. The Company monitors and, when appropriate, utilizes financial instruments to manage its exposure to these risks.

(a) Commodity price risk management:

The Company periodically enters into oil agreements to provide it exposure to a portfolio of pricing indices.

At December 31, 2001, the Company had two costless collar hedges in place. For crude oil for the period from May 1, 2001 to March 31, 2002, a 600 barrel of oil per day costless collar has been put in place at a range of US $21.00 WTI to US $31.05 WTI. The fair value of this contract at December 31, 2001 was $168,733. Combined with a natural gas costless collar for the period November 1, 2001 to October 31, 2002 for a price range of Cdn $3.25 to Cdn $4.60 for three million cubic feet of natural gas per day. The fair value of this contract at December 31, 2001 was $214,230.

(b) Foreign currency risk management:

The Company is exposed to foreign currency fluctuations. The Company periodically uses financial instruments, including forward exchange contracts and currency options to manage this exposure. At December 31, 2001, there were no contracts or options outstanding.

(c) Credit risk management:

Accounts receivable include amounts receivable for oil and gas sales. These sales are generally made to large, credit worthy purchasers. The Company views the credit risks on these items as insignificant. Amounts receivable from joint venture partners included in accounts receivable are recoverable from production and, accordingly, the Company views the credit risks on these amounts as insignificant.

(d) Fair values of financial instruments:

Accounts receivable and accounts payable and accrued liabilities have carrying values that approximate fair value due to the near term maturity of these financial instruments. Long-term debt has a carrying value that approximates fair value due to the floating nature of the interest rate.

Four Year Summary

($000s, except per share amounts)	2001	2000	1999	1998
Financial				
Revenues				
Petroleum and natural gas sales	**27,273**	19,243	9,115	8,920
Royalties	**4,701**	4,386	2,125	1,673
Revenue, net of royalties	**22,572**	14,857	6,990	7,247
Expenses				
Production	**4,468**	3,571	2,455	2,765
General and administration	**1,434**	892	987	1,503
Interest	**764**	986	926	639
Depletion and depreciation	**5,545**	2,424	1,882	23,143
Site restoration	**641**	338	280	315
Funds flow from operations	**15,566**	9,017	2,314	2,053
Per share – basic ($)	**0.47**	0.29	0.08	0.08
Per share – diluted ($)	**0.46**	0.28	0.08	0.08
Net earnings (loss)	**5,784**	9,855	(212)	(21,019)
Per share – basic ($)	**0.18**	0.32	(0.01)	(0.82)
Per share – diluted ($)	**0.17**	0.31	(0.01)	(0.82)
Balance sheet information				
Net capital additions	**16,386**	8,498	3,322	6,520
Long-term debt	**8,800**	9,678	11,500	12,800
Working capital (deficit)	**(579)**	(1,834)	(1,201)	367
Total assets	**47,678**	39,461	28,238	27,088
Shareholders' equity	**30,630**	23,063	12,538	12,010
Common share information				
Shares outstanding at year end (000s)				
Basic	**36,070**	32,296	30,050	25,616
Diluted	**37,165**	35,724	34,488	28,018
Weighted average common shares (000s)				
Basic	**32,863**	30,722	27,237	25,616
Diluted	**33,958**	31,817	31,740	28,018
Equity market capitalization	**29,938**	17,763	5,108	7,173
Operations				
Reserves (000s of boe 10:1)				
Proven	**4,969**	5,176	4,859	5,138
Probable (unrisked)	**1,782**	1,875	1,626	1,748
Total	**6,751**	7,051	6,485	6,886
Established	**5,860**	6,113	5,672	6,012
Production and netbacks				
Average boe per day	**2,040**	1,224	1,059	1,426
Total boe	**744,656**	448,003	386,413	520,433
Average sales price ($/boe)	**36.63**	42.95	23.59	17.14
Operating costs ($/boe)	**6.00**	7.97	6.35	5.31
Field netbacks ($/boe)	**24.32**	25.19	11.74	8.62
All-in cash netback ($/boe)	**20.90**	20.13	5.99	3.98
Land holdings				
Total land (000s of net acres)	**106**	127	107	101
Undeveloped land (000s of acres)	**97**	116	98	95
Drilling activity				
Gross	**28.0**	17.0	7.0	3.0
Net	**25.6**	13.2	6.8	2.1
Number of employees				
Head office	**12**	12	13	16
Field office	**1**	1	1	1

Board of Directors

David J. Evans [(1) (2) (3)]
President and CEO,
Defiant Energy Corporation
Chairman, Cavell Energy Corporation

Henry J. Knowles [(1) (2) (3)]
Counsel, Sheldon Huxtable
Non-Executive Secretary,
Cavell Energy Corporation

Bryan H. Lawrence [(1) (2) (3)]
Member, Yorktown Partners LLC

Murray D. McCartney [(1) (2)]
President and
Chief Executive Officer,
Cavell Energy Corporation

Glen A. Volk
Vice President,
Production and Operations,
Cavell Energy Corporation

Stanley H. Wong [(3)]
President, Carbine Resources Ltd.

Officers

Murray McCartney
President & CEO

Arthur Madden [(1)]
VP Finance & CFO

Wallace King Jr.
VP Exploration & Development

Glen Volk
VP Production & Operations

[(1)] Member of Audit Committee
[(2)] Member of Compensation Committee
[(3)] Member of Corporate Governance Committee

Cavell Staff

Kathleen Black
Controller

Maria Giancola
Administrative Assistant

Marcus Hladik
Senior Geologist

Elmer Pelensky
Manager,
Corporate Development

Deborah Poirier
Administrative Assistant

Brad Rowsell
Geophysicist

Ross Runciman
Manager,
Business Development

Ken Swenson
Production Foreman

Rebecca Ward
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Abbreviations

bbls	barrels
mbbls	thousands of barrels
boe	barrels of oil equivalent
boed	barrels of oil equivalent per day
mboe	thousand barrels of oil equivalent
mmboe	million barrels of oil equivalent
WTI	West Texas Intermediate
mcf	thousand cubic feet
mmcf	million cubic feet
mstb	thousand stock tank barrels
mmstb	million stock tank barrels
mmbtu	million British thermal units

Conversion

The following table sets forth certain standard conversions from Standard Imperial Units to the International System of Units (or metric units).

To Convert From	To	Multiply by
mcf	cubic metres (m^3)	28.174
cubic metres (m^3)	cubic feet	35.494
bbls	cubic metres	0.159
cubic metres (m^3)	bbls	6.290
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.405
hectares	acres	2.471

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